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ALICE H. ALMONCHE
CITY CLERK
CITY OF LODI

August 11, 1988.

Lodi City Council
Call Box 3006
Lodi, CA 95241

RE: CREEKSIDE SOUTH APTS.

Dear Council Members:

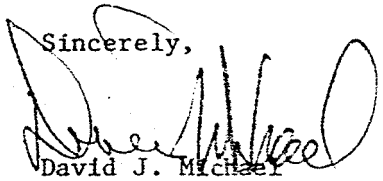
Enclosed is a notice that must be sent to you under section 65863.10 of the California Letter of Compliance code.

The owners of the above referenced apartments, are desirous of transferring their interest to a non-profit corporation (Preservation of Subsidized Housing) in order to maintain this complex as housing for low and medium income families and preserve the governmental assistance-

The Federal and State procedures set out a format that must be followed if an owner wishes to prepay the loan and take the project out of the subsidized program. Unfortunately, when the owner wishes to transfer his project to a non-profit organization and maintain the project as subsidized, the same format must be followed in its initial steps.

For these reasons, the enclosed notice is forwarded to you. If you have any questions, please do not hesitate to call.

Sincerely,


David J. Michael
President

DJM/cg
Enclosures

PROFESSIONAL APARTMENT MANAGEMENT

2020 WEST KETTLEMAN LANE • P.O. BOX 1570 • LODI, CA 95241 • TELEPHONE (209) 334-6565

CREEKSID SOUTH APARTMENTS
601 Wimbledon Drive
Lodi, CA 95240

TO : Lodi City Council
CITY OF: Lodi, California
RE : Government Code Section 65863.10, Letter of Compliance
DATE: August 11, 1988

BACKGROUND INFORMATION

Section 65863.10 of the California Government Code requires a six (6) month advance notice to tenants and to the city or county where certain forms of federal financial assistance will be terminated or if an owner elects to prepay the loan on a subsidized multi-family rental housing development.

The Department of Housing and Urban Development regulations (24 CFR Parts 50, 221, 236, 241, 248) (Housing and Community Development Act of 1987) provides the owner of a subsidized multi-family rental housing development with an alternative to prepaying the loan by offering certain incentives or if such incentives are not acceptable, to sell the multi-family development to a non-profit corporation.

The purpose of these regulations is to mitigate the problems which prepayment creates for displaced tenants.

In general, the procedural requirements of the regulations mandate that owners submit a written request to prepay the loan in advance of the anticipated prepayment date. If the prepayment request is denied, HUD can provide certain incentives as an alternate to prepayment of the loan. One incentive is to permit a sale to a non-profit corporation.

NOTIFICATION

Please be notified that the owner of the above noted subsidized multi-family rental housing development has requested permission from HUD to allow the owner to sell the above described apartment complex to a California non-profit corporation - "Preservation of Subsidized Housing" (POSH). The anticipated transfer date, if HUD approves is March 1, 1989. The complex ~~will remain~~ as a subsidized multi-family housing development under the owner's plan of sale.

The owner *is* of the opinion that since there will be no termination or prepayment of government assistance, it does not fall within the purview of Government Code 65863.10.

Out of an abundance of caution, the owner submits *this* notice as the Hud and FmHA rules require the owner *to* submit with his application to that agency, a copy of the notice sent to the local government agency. Therefore the owner submits the following information:

1. Number of affected tenants 80
2. Number of units that are government assisted -0-
3. The number of the units that are not government assisted 40
4. The number of bedrooms in each unit that is government assisted:

i6 - 1 Bedrooms
23 - 2 Bedrooms
1 - 3 Bedroom

5. The ages and income categories of the affected tenants:

Age range 21 - 60 years

Income range

X 0 - 12,000 per annum

X 12,000 - 18,000 per annum

 18,000 and over

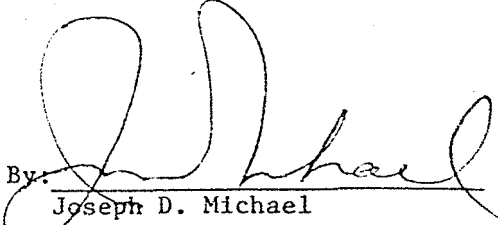
Attached and incorporated herein is a copy of the notice given to each tenant.

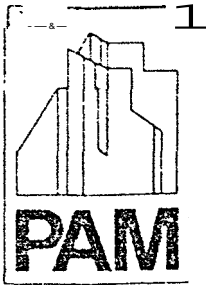
Respectfully submitted this 11th day of August, 1988.

OWNER :

CREEKSIDE SOUTH APTS.,
A LIMITED PARTNERSHIP

PROFESSIONAL APARTMENT MANAGEMENT,
INC.

By: 
Joseph D. Michael
Agent of Owner



August 11, 1988

Department of Housing and
Urban Development
777 12th Street
Suite 200
Sacramento, CA 95809

RE: CREEKSIDE SOUTH APTS.
Project # 136-44131-LD
Lodi, CA

Gentlemen:

Please allow this letter to serve as a Notice of Intent on behalf of the above noted project pursuant to Section 246.211 of HUD Regulations relating to Prepayment of a HUD Insured Mortgage.

Under the above noted regulations, the Notice of Intent must contain the following information:

- 1) Identity of the project. (See above reference)
- 2) Description of the owners plans for the project, including any timetables or deadlines for action to be taken.

The owner requests the Secretary to provide insurance for an equity loan under Section 241.100, to enable the owner to capture a portion of *his* equity. The owner would in tandem seek to transfer the project to "Preservation of Subsidized Housing" (POSH) a California non-profit corporation. The purpose of this physical transfer is to allow the project to continue as a subsidized facility and thus not involuntarily displace any tenant. POSH has agreed to continue the project in the program for the period provided for in the regulations.

The owner has no timetables or deadlines, however Section 65863.10 of the Government Code of the State of California provides at least a six month advance notice be given to tenants and the legislative body of the City prior to termination or prepayment of governmental assistance. This notice has been given. A copy of our letter to the local legislative body is attached and incorporated herein.

PROFESSIONAL APARTMENT MANAGEMENT

2020 WEST KETTLEMAN LANE • P.O. BOX 1570 • LODI, CA 95241 • TELEPHONE (209) 334-6565

August 11, 1988

HUD

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3. The reason the owner seeks to prepay the mortgage or change the terms of the mortgage.

As indicated above, the owner is desirous of taking advantage of Section 241.100 et seq in order to capture a portion of his equity. The owner will request the commissioner to approve a specific element of the plan of action allowing the insurance of the equity loan and transfer of the project to POSH.

4. Description of any contacts the owner has made or is making with other governmental agencies or other interested parties.

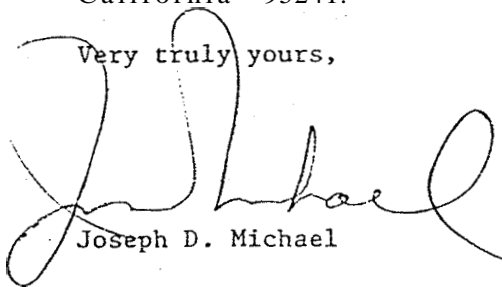
The owner has made no contact with any governmental agency, but will send the local legislative body (governmental agency) a duplicate copy of this Notice of Intent with a letter explaining what the owner seeks to accomplish.

The owner has contacted POSH and entered into an agreement, subject to HUD's approval, for the transfer of the project to POSH under section 248.231(g).

Would you kindly furnish the undersigned with information the owner needs to prepare a plan of action.

The contact person is Joseph D. Michael, P.O. Box 1570, Lodi, California 95241.

Very truly yours,



Joseph D. Michael

JDM/cg

Attachment:

Letter to local legislative body

8/3POSH

CREEKSIDE SOUTH APARTMENTS
601 Wimbledon Drive
Lodi, CA 95240

August 11, 1988

Dear Tenant :

Your rent is lower than other apartment house rents because the government makes a subsidy available to reduce your rent.

In order to continue this government subsidy for the next 20 years and maintain the reduced rents, the owners have made an application to transfer the project to a non-profit corporation. This will not effect you as a tenant.

To accomplish the transfer, the owners have to go through certain procedural steps, one of which is to give you a notice of what we hope to accomplish.

The State of California recently passed a law that states a tenant must be given a six (6) month notice if a tenant subsidy is to be terminated or the mortgage of a subsidized project is to be prepaid.

Since the owners are not prepaying the mortgage or terminating the subsidy it is not necessary to give such a notice.

However, as we are requesting a change of ownership, the owner felt it best to inform you of the following:

1. Anticipated date of the termination or prepayment: of the subsidy or mortgage amount.

There ~~will not~~ be a termination of the subsidy or a prepayment of the mortgage.

2. The anticipated rent increase at the date of prepayment or termination.

There will be no rent increases resulting from the prepayment or termination, as there will not be a termination or prepayment.

3. A copy of this notice will be sent to the City Council or Board of Supervisors if the apartment is located in an unincorporated area.

4. A public hearing may be held by the City or County on the issue and if such hearing is held, each tenant will receive notice of the hearing at least 15 days in advance.

August 11, 1988
Tenant
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Again, this notice is a procedural matter and it will not effect you. The owners are desirous of continuing the gover-ment subsidy for your benefit.

If you have any questions, please contact the manager on site or our office.

Very truly yours,

OWNER: CREEKSIDE SOUTH APTS., A
Limited Partnership

PROFESSIONAL APARTMENT
MANAGEMENT, INC

By: 

Joseph D. Michael,
Agent For Owner